U.S. SILICA INVESTOR DAY

September 10, 2014

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INVESTOR DAY 2014

WELCOME

MIKE LAWSON

Director of Investor Relations & Corporate Communications

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Today’s Agenda

SLCA OVERVIEW AND STRATEGY	**Bryan Shinn** *President & CEO*
OIL AND GAS UPDATE AND TOP PRIORITIES	**Don Weinheimer** *Vice President & General Manager, Oil & Gas*
OPERATIONS UPDATE AND TOP PRIORITIES	**Mike Winkler** *Vice President & Chief Operating Officer*
GROWTH AND LOGISTICS UPDATE AND TOP PRIORITIES	**Jason Tedrow** *Vice President of Supply Chain, Growth & Development*
FINANCIAL REVIEW AND GUIDANCE UPDATE	**Don Merril** *Vice President & Chief Financial Officer*

Disclaimers

This presentation contains forward-looking statements that reflect, when made, our current views with respect to current events and financial performance. Such forward-looking statements are subject to many risks, uncertainties and factors relating to our operations and business environment, which may cause our actual results to be materially different from any future results, express or implied, by such forward-looking statements. All statements that address future operating, financial or business performance or our strategies or expectations are forward-looking statements. In some cases, you can identify these statements by forward-looking words such as “may,” “might,” “will,” “should,” “expects,” “plans,” “anticipates,” “believes,” “estimates,” “predicts,” “projects,” “potential,” “outlook” or “continue,” and other comparable terminology. Factors that could cause actual results to differ materially from these forward-looking statements include, but are not limited to, those discussed in our filings with the Securities and Exchange Commission, incorporated by reference into the prospectus, including our most recent Annual Report on Form 10-K and our Quarterly Reports on Form 10-Q. New risks and uncertainties arise from time to time, and it is impossible for us to predict these events or how they may affect us. We disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events and/or otherwise, except to the extent required by law.

This presentation includes certain non-GAAP financial measures, including Adjusted EBITDA and Segment Contribution Margin. These measures should be considered supplemental to and not a substitute for financial information prepared in accordance with GAAP and may differ from similarly titled measures used by others. For a reconciliation of such measures to the most directly comparable GAAP term, please see the Appendix to this presentation. We are unable to reconcile our projections to the comparable GAAP measures because we do not predict the future impact of adjustments due to the difficulty of doing so.

BRYAN SHINN

President & Chief Executive Officer

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Unprecedented Frac Sand Demand

THE WALL STREET JOURNAL.

In Fracking, Sand Is the New Gold

The race to drill for oil in the U.S. is creating another boom—in sand, a key ingredient in fracking...

THE WALL STREET JOURNAL.

Demand for Sand Takes Off Thanks to Fracking

Companies Race to Build New Mines as Prices Rise

Sand prices are rising and companies are racing to build new mines in South Dakota and other locations as demand intensifies for the silica crystals that energy companies use to frack oil and gas wells...

Core Laboratories (CLB):

"You have operators out in the Permian Basin that, on average, spend $1 million more per well, but they're yielding an additional 400,000 barrels in ultimate estimated recovery. For me, that's a no-brainer."

Baker Hughes (BHI):

"As you say, the appetite for more sand is really growing, particularly in the Permian as our customers stay in that experimentation mode."

Key Messages Today

Strong Performance	Delivering double digit growth, ahead of plan. Expect continued strength across the enterprise.
Differentiated Position	Industry leader with low costs, advantaged logistics and strong, balanced markets.
Successful Strategy	Grow O&G share, move POS closer to the well, increase product velocity, more specialty products.
Aggressive Growth Options	16 to 20M tons of new capacity 15 to 20 high velocity transloads Potential $1B capital investment

Goal: Substantial Adjusted EBITDA Growth

- *2X by 2017 to* ***$550M - $600M***
- *4X by 2020 to* ***$900M - $1B***

We Are Delivering Against Our Growth Plan

	2013 Investor Day (Actions by 2016)	Results
✓	Double EBITDA by 2016	*Expect to achieve in 2015*
✓	Sell out Sparta – 1.7M tons	*Sparta now sold out*
✓	Add and sell-out an additional greenfield mine – 1.5M tons	*Utica start up and sales ramping*
✓	Gain 1 point of share per year	*Estimate 2 points gain in 2014*
✓	Add 10-20 new transloads	*Added 4 transloads in 2014;* *7 new transloads and 4 expansions planned for 2015*
✓	Sell out current RCS capacity at Rochelle (200K tons)	*Record sales in 2Q 2014 - On pace to sell out by 2016*
✓	Extend our value-added in-basin position	*70% volume sold through transload*
✓	Invest in high return organic growth	*Utica start up and sales ramping* *Fairchild in-progress and start-up 2015*
✓	Grow the base ISP business by 4% per year	*ISP CM$ up 30% for 1H 2014 vs. 1H 2013*
✓	Add $10M in ISP Adj. EBITDA(1) through value added processes and new products and applications	*13 new products and applications launched* *37 new products in development*

AGENDA

- Our platform for growth ⇦
- Our strategy and goals

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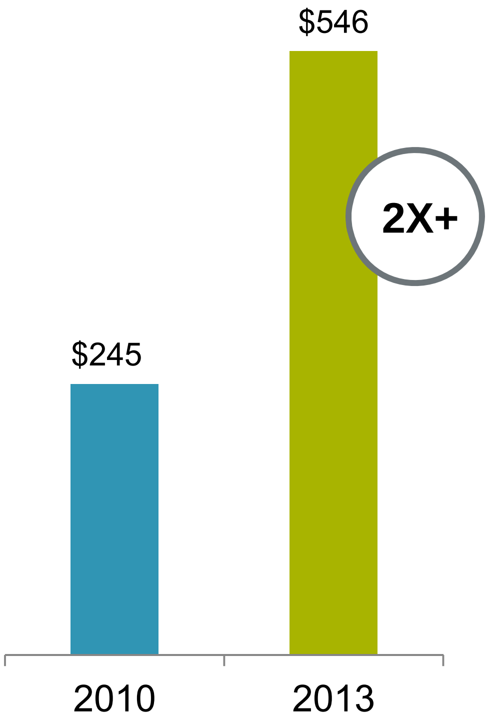
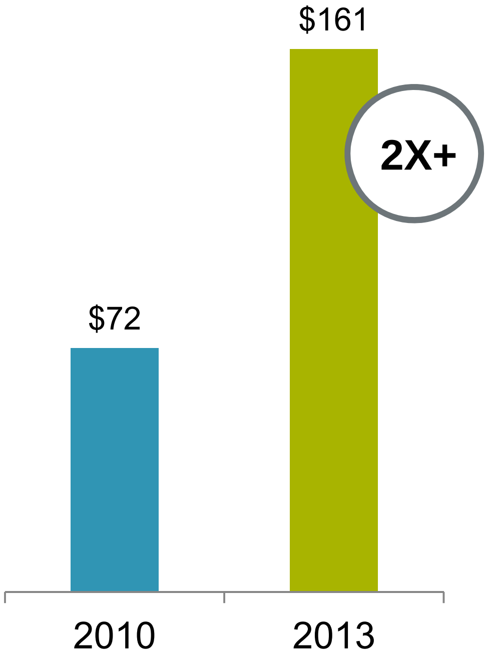
Record of Strong Performance

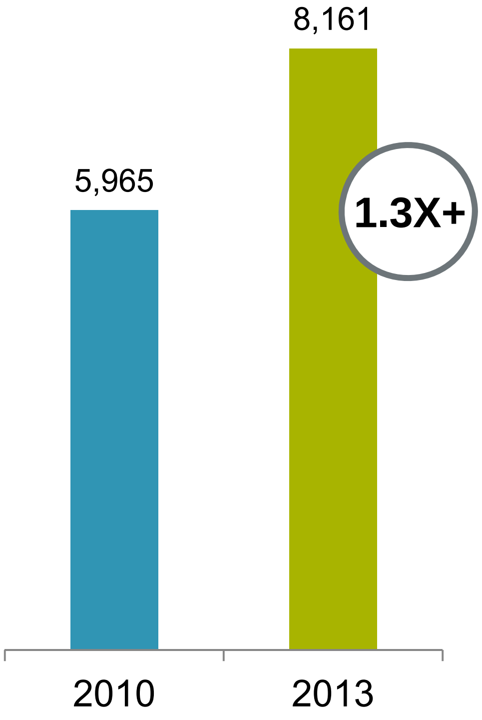
Revenue



Adjusted EBITDA(1)



Volume



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(1) See Appendix for reconciliations to GAAP

Building on Two Strong, Complimentary Business Segments

OIL & GAS

40 .... 🤝

10 .... 📝

7 .... 🏭

- 35 transloads expanding to 50+ by 2020
- 5,000 leased rail cars growing to >15,000 by 2020

INDUSTRIAL & SPECIALTY

1700+ .... 🤝

25+ .... 📝

10 .... 🏭

- Extensive new product pipeline
- Stable, consistent results
- Bottom line growing faster than top line

Driving Success with Speed, Scale & Strength

- Rapidly expanding our logistics footprint
- Aggressively adding to rail car fleet
- Optimizing logistics network

- Scale matters
- Developing one new 3M ton site every year
- Consolidation likely

- Balance sheet flexibility
- Talented & capable leadership team
- Customer and supply chain relationships

Key Strengths that Set Us Apart

1 Low cost leader

+

2 Advantaged logistics network

+

3 Strong financial position

+

4 Clear growth opportunities

+

5 Balanced mix of customers & markets

Strong and sustained competitive advantages

NEWS RELEASE

Keeping Pace with Surging Demand

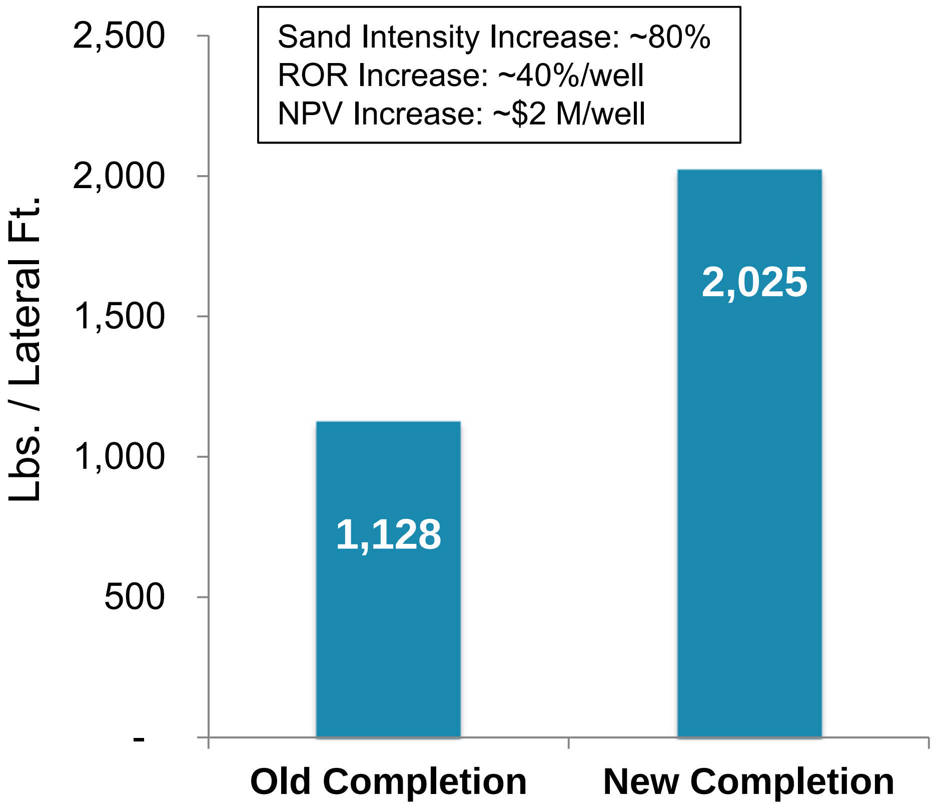
800K Ton Per Year Pacific Plant Expansion

- Driven by market shift
- $33M investment
- Expected online Q3 2015

New Wisconsin Greenfield site

- Starting development of 3M ton, low-cost facility on highly-desirable Class 1 rail
- Potentially online mid-2016
- Capital investment of approximately $150M

Old vs. New Well Completion Sand Intensity



Source: Drilling Info (HPDI), Raymond James & Associates, Raymond James Ltd.

AGENDA

- Our platform for growth
- Our strategy and goals ⬅

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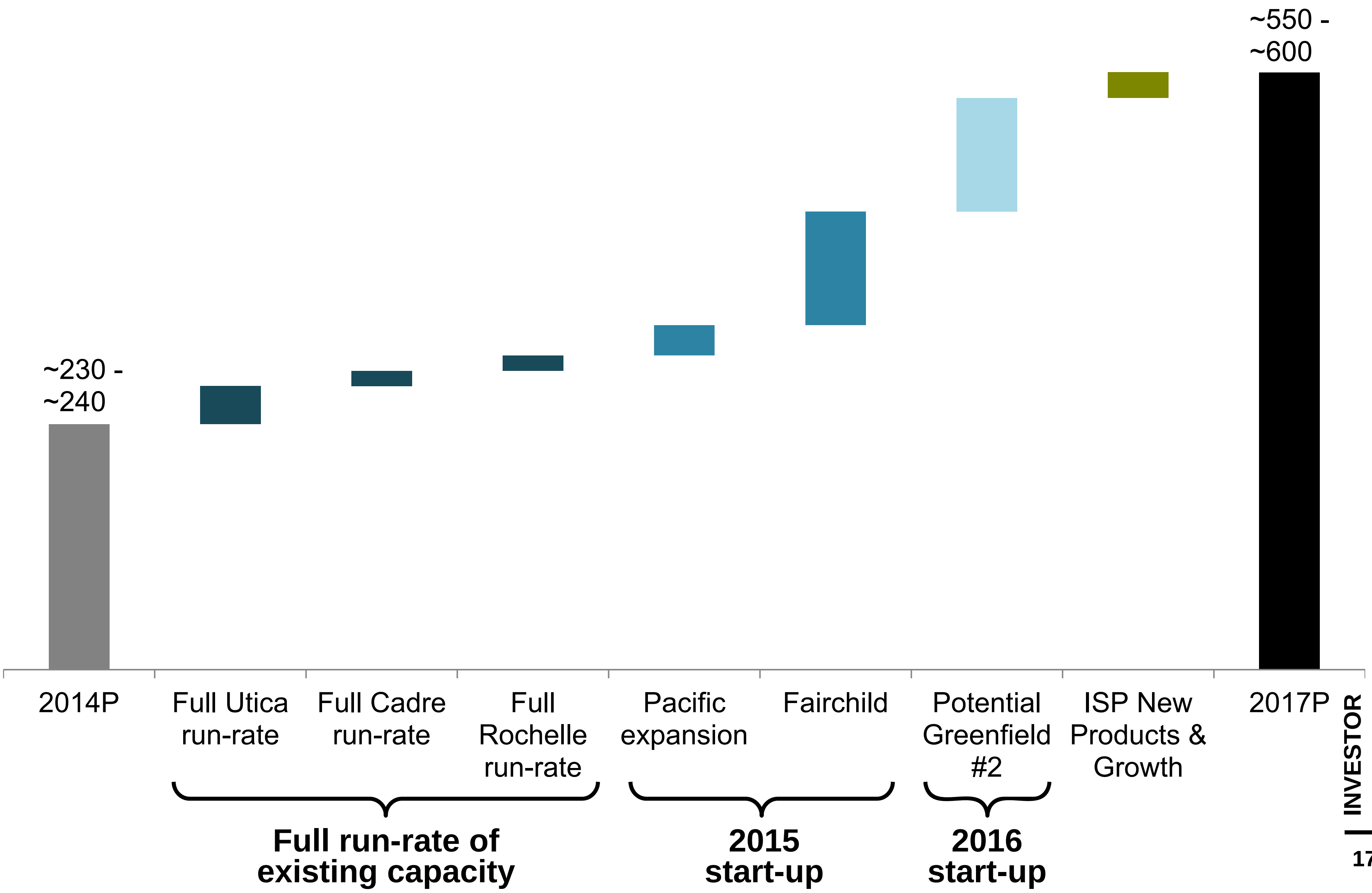
Continuing to Execute Successful Strategy

Key Drivers

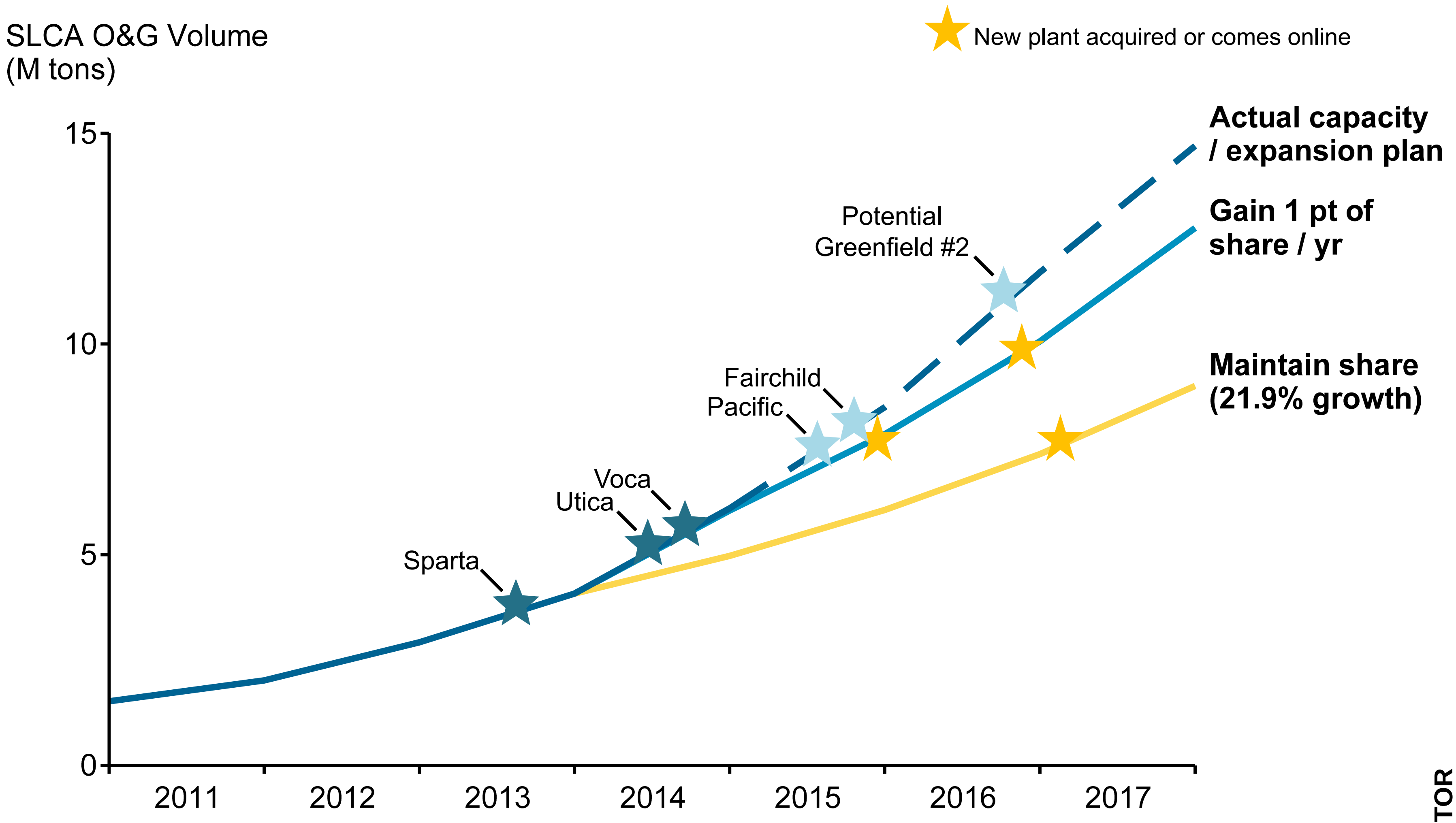
1. Potential to aggressively expand capacity for Oil & Gas segment
2. Rapidly build out logistics network
3. Grow margins by expanding value added capabilities
4. Ensure financial strength
5. Pursue accretive acquisitions

Our long-term value proposition

New Goal: Adjusted EBITDA Goal of $550-$600M by 2017



We Expect to Continue to Gain 1-2 Points of Share Per Year

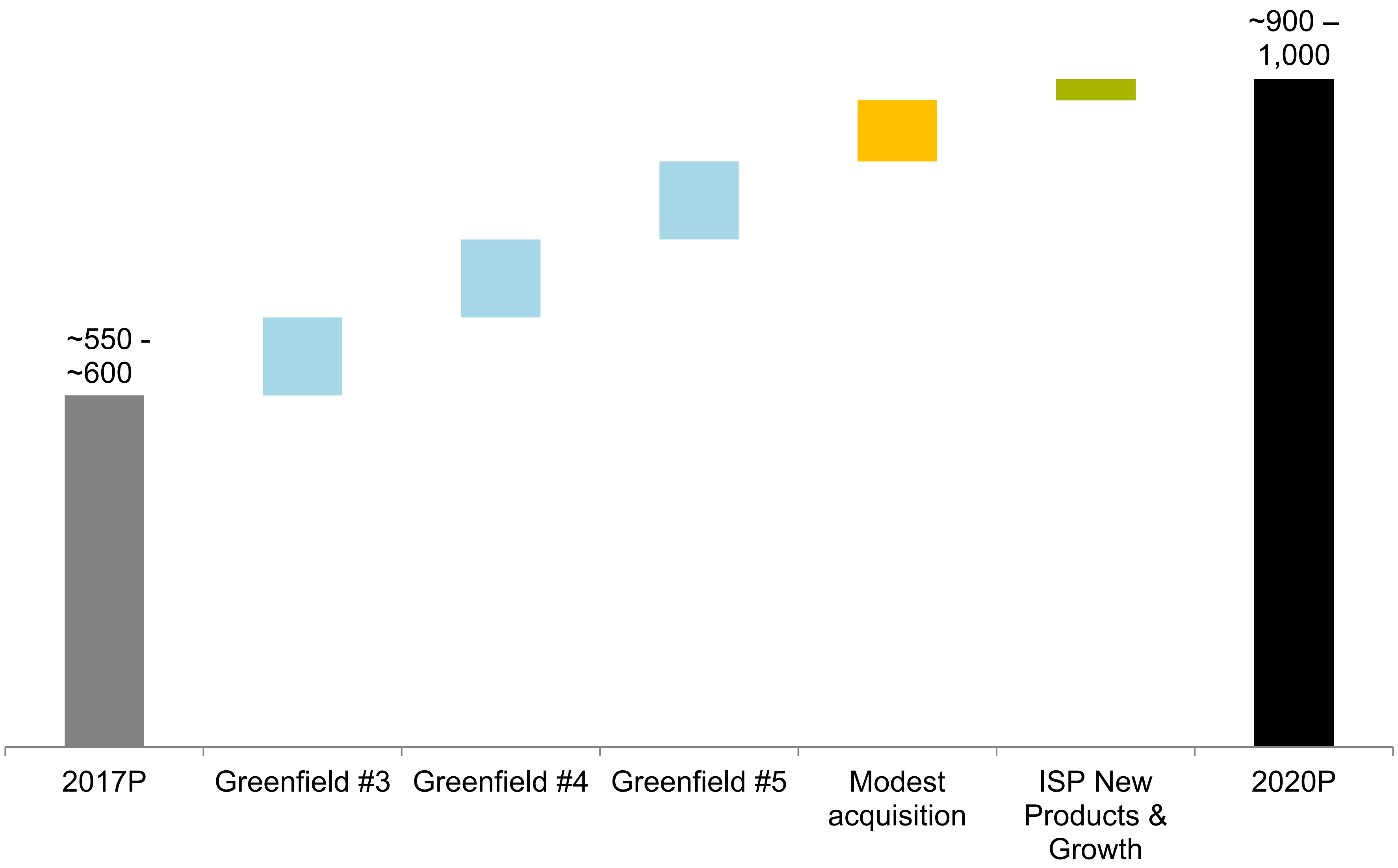


Sources: 21.9% growth rates based on Raymond James August 19, 2014 *North American Sand Rush* report estimate of 2013-2016 NAm Hydraulic Fracturing demand for silica sand. 2013 market size based on management estimates

Initiatives to Achieve New Goal of $550M-$600M of Adjusted EBITDA in 2017

Segment	Strategic Goal	Key Actions & Triggers	Roles of M&A
Oil & Gas	**Increase share**	• *Build New mines* • *Sell out Utica - 1.5M tons* • *Sell out Pacific expansion – 0.8M tons* • *Sell out Fairchild - 3.0M tons* • *Add & sell out an additional greenfield mine - 3.0M tons* • *Gain 1.5 points of share per year*	Accelerate growth through 'scale' acquisitions
	Optimize Distribution Network	• *Add new high velocity transloads establishing a flagship in every basin* • *Gain share by differentiating on logistics and customer support*	
Industrial & Specialty Products	**Industrial: Grow the Base Business**	• *Grow base business by 4% per year through increased volumes and pricing*	Accelerate growth by acquiring new capabilities
	Specialty: New Product Initiatives	• *Add $10M EBITDA through value added products and services*	

Looking Beyond 2017- Our Goal is Adjusted EBITDA of $900M-$1B by 2020



Key Messages Today

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QUESTIONS?

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DON WEINHEIMER

Vice President & General Manager, Oil & Gas

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AGENDA

- Recent developments ⬅
- Our top 3 priorities going forward

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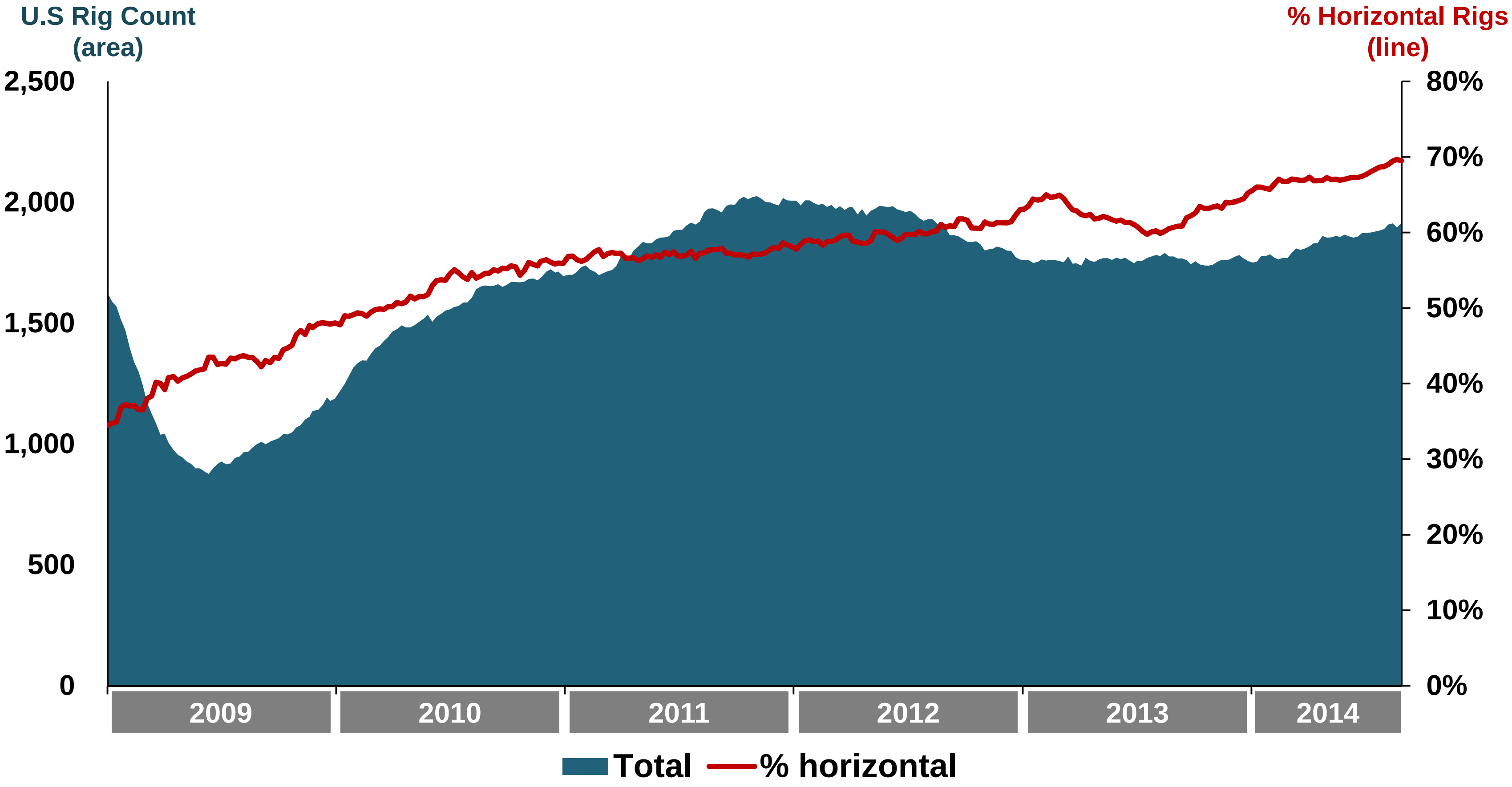
Step Change in Demand: Rig Count

Unconventional rig count ✖ Rig efficiency ✖ Stages per well ✖ Proppant per stage 〓 Proppant demand

U.S. Rig Count

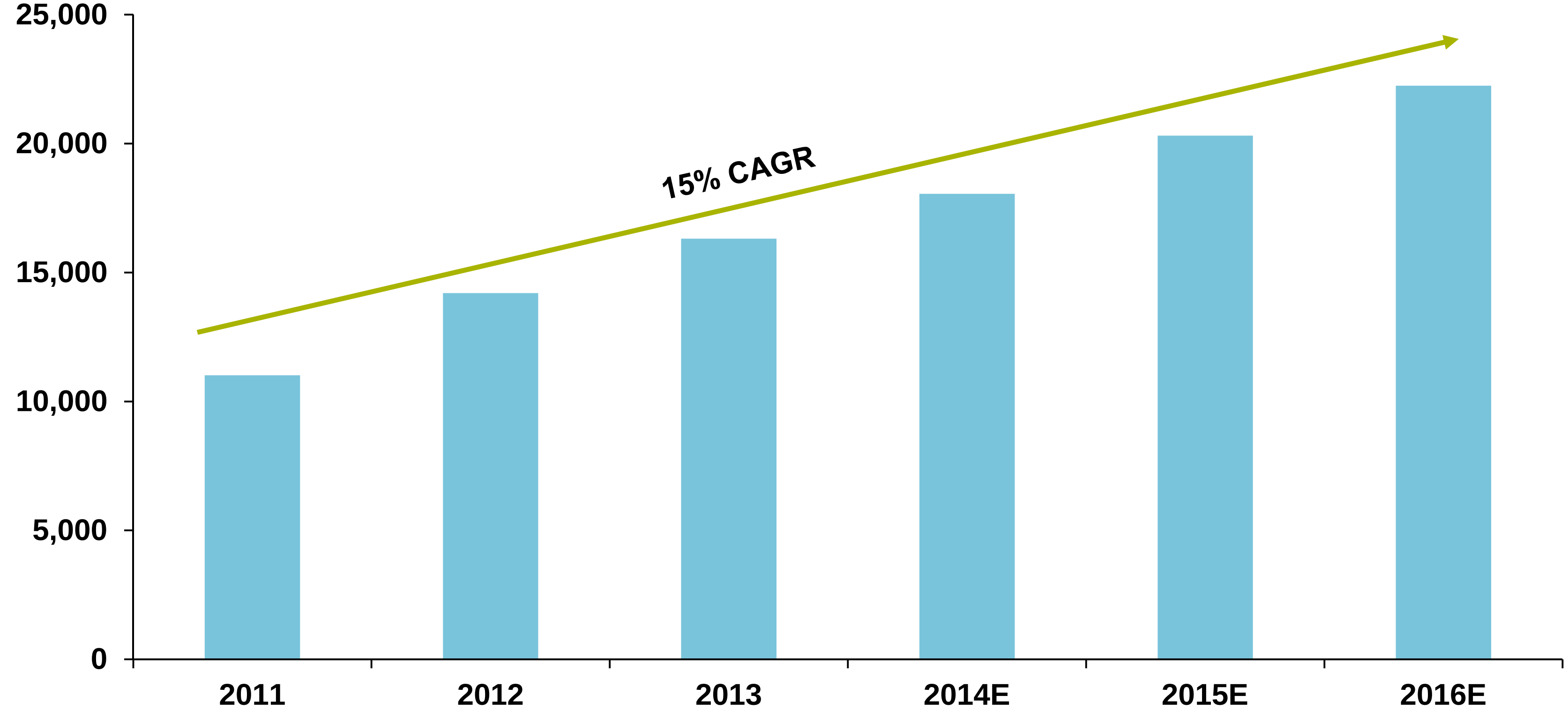


Source: Baker Hughes

Step Change in Demand: Well Count

Unconventional rig count ✖ **Rig efficiency** ✖ **Stages per well** ✖ **Proppant per stage** = **Proppant demand**

U.S. Horizontal Wells



Source: PacWest WellIQ 14Q2 - Published July 25, 2014

Step Change in Demand: Proppant Per Well

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Unconventional rig count ✖ Rig efficiency ✖ Stages per well ✖ Proppant per stage = Proppant demand

	Permian	Eagle Ford	Bakken	Marcellus
Majors	PIONEER NATURAL RESOURCES: **+55% on proppant per foot**	eog resources: **+183% on proppant per well** swn Southwestern Energy: **+20% on proppant per foot**	eog resources: **Adopting Eagle Ford wells in Bakken (+300% on proppant per foot)**	Cabot Oil & Gas Corporation: **+29% on proppant per stage**
Independents	CONCHO: **100% on proppant per well** Callon Petroleum Company: **+25% on proppant per well**	Matador Resources Company: **+100% on proppant per well** **+100% on proppant per well**	Continental Resources: **+200% on proppant per foot** OASIS PETROLEUM: **+200% on proppant per well**	JONES ENERGY: **+360% on proppant per well (+11% on # stages)** RANGE: **+22% on # stages; testing higher proppant per foot**

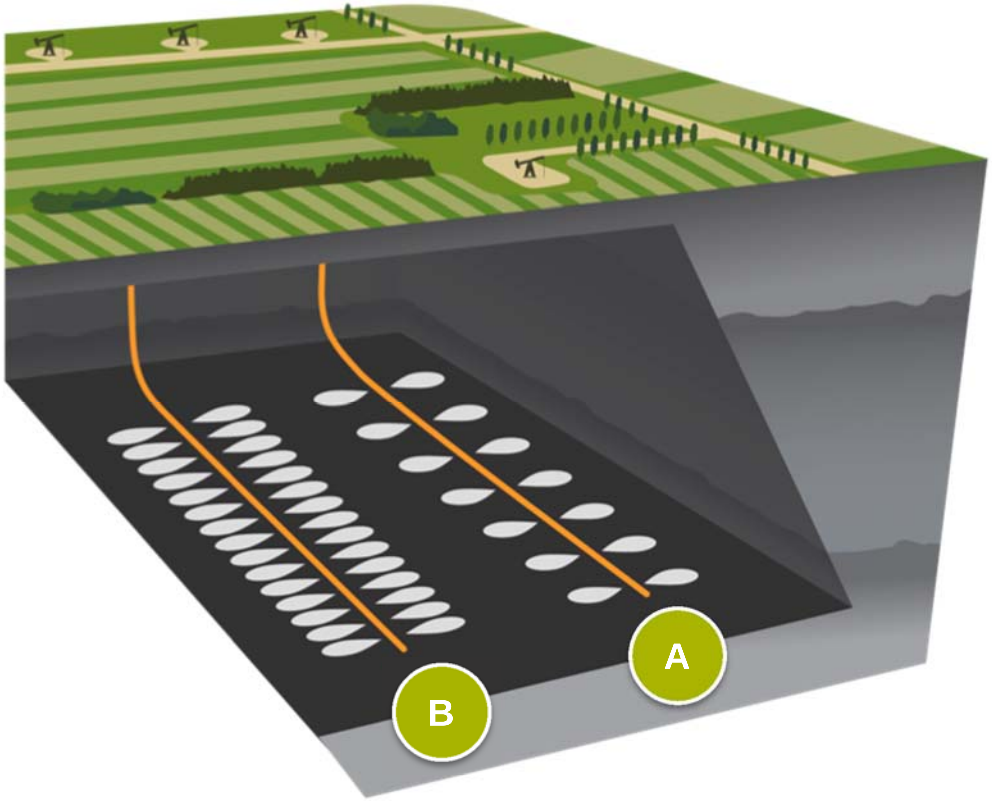
High proppant density designs appear to have reached the tipping point in 2014

Other comments		
HALLIBURTON Typical job a year ago was 4M pounds requiring 20 railcars…today it's as high as 15M pounds and 75 railcars	C&J Energy Services Sand volumes from December to now have almost doubled	CALFRAC WELL SERVICES Sand consumption in the first six months of 2014 has increased by 95% over the same period in the prior year

Step Change in Demand: New Well Design

New Well Design

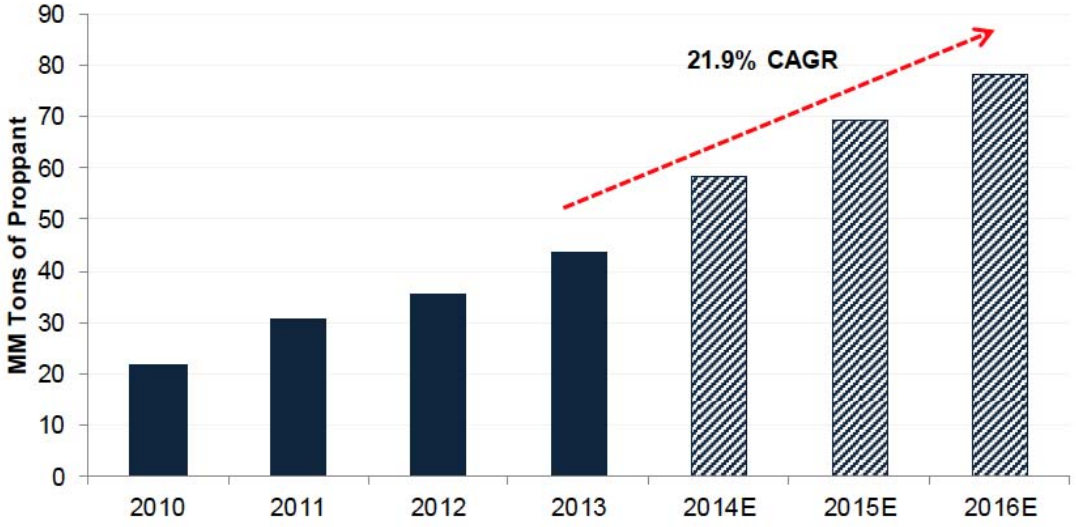
- Higher number of stages, often double for equivalent lateral length
- Higher proppant per stage, some as much as 100%
- Result: Increased proppant per linear foot of lateral or higher proppant per well
- Design tested in 2013; adoption has continued to broaden in 2014



Why We Like Long-Term Contracts

- Currently have 70% under contract
- Lock in volumes at attractive margins
- Gain efficiencies in production and supply chain planning
- Takes risk off the table
- Sell portion on spot and capture additional pricing
- It's what our customers want

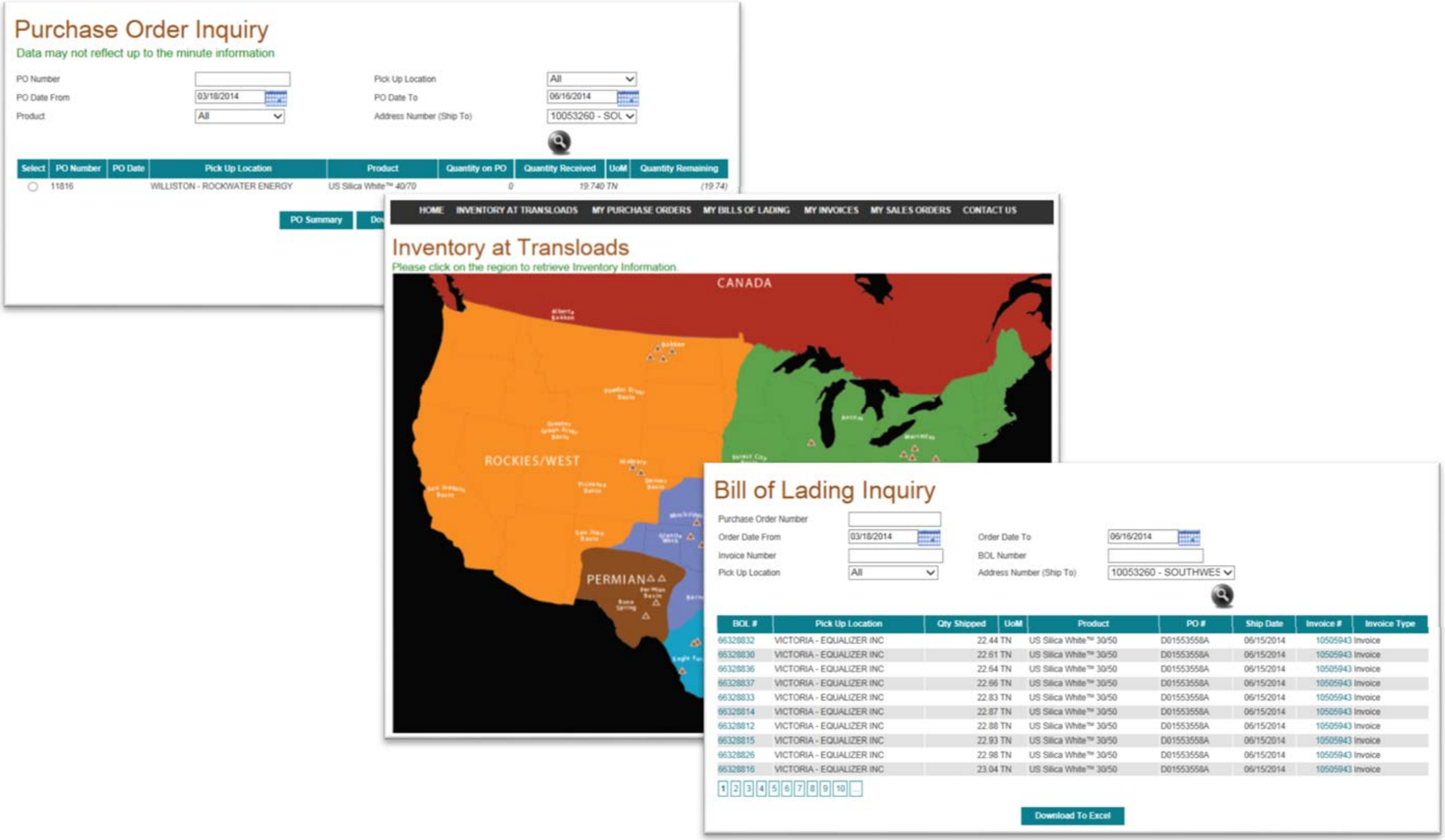
North American Proppant Demand Model (Built on a Play-by-Play Analysis)



Source: PacWest, Raymond James Ltd.

Becoming Even Easier to Do Business With

Customer Portal



Purchase Order Inquiry

Data may not reflect up to the minute information

PO Number:
PO Date From: 03/18/2014
Product: All
Pick Up Location: All
PO Date To: 06/16/2014
Address Number (Ship To): 10053260 - SOL

Select	PO Number	PO Date	Pick Up Location	Product	Quantity on PO	Quantity Received	UoM	Quantity Remaining
○	11816		WILLISTON - ROCKWATER ENERGY	US Silica White™ 40/70	0	19.740 TN		(19.74)

Inventory at Transloads

Please click on the region to retrieve Inventory Information.

Bill of Lading Inquiry

Purchase Order Number:
Order Date From: 03/18/2014
Invoice Number:
Pick Up Location: All
Order Date To: 06/16/2014
BOL Number:
Address Number (Ship To): 10053260 - SOUTHWES

BOL #	Pick Up Location	Qty Shipped	UoM	Product	PO #	Ship Date	Invoice #	Invoice Type
66328832	VICTORIA - EQUALIZER INC	22.44	TN	US Silica White™ 30/50	D01553558A	06/15/2014	10505943	Invoice
66328830	VICTORIA - EQUALIZER INC	22.61	TN	US Silica White™ 30/50	D01553558A	06/15/2014	10505943	Invoice
66328836	VICTORIA - EQUALIZER INC	22.64	TN	US Silica White™ 30/50	D01553558A	06/15/2014	10505943	Invoice
66328837	VICTORIA - EQUALIZER INC	22.66	TN	US Silica White™ 30/50	D01553558A	06/15/2014	10505943	Invoice
66328833	VICTORIA - EQUALIZER INC	22.83	TN	US Silica White™ 30/50	D01553558A	06/15/2014	10505943	Invoice
66328814	VICTORIA - EQUALIZER INC	22.87	TN	US Silica White™ 30/50	D01553558A	06/15/2014	10505943	Invoice
66328812	VICTORIA - EQUALIZER INC	22.88	TN	US Silica White™ 30/50	D01553558A	06/15/2014	10505943	Invoice
66328815	VICTORIA - EQUALIZER INC	22.93	TN	US Silica White™ 30/50	D01553558A	06/15/2014	10505943	Invoice
66328826	VICTORIA - EQUALIZER INC	22.98	TN	US Silica White™ 30/50	D01553558A	06/15/2014	10505943	Invoice
66328816	VICTORIA - EQUALIZER INC	23.04	TN	US Silica White™ 30/50	D01553558A	06/15/2014	10505943	Invoice

AGENDA

- Recent developments
- Our top 3 priorities going forward ⬅

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Top 3 Priorities in Oil & Gas

Build Out Infrastructure

- Grow as fast as we can
- Expand in existing markets and markets with small share
- Skate to where the puck will be

Increase Velocity

- Increase throughput to accommodate customers
- Expand high velocity transloads
- Optimize asset utilization

Sell Out New Capacity

- Gain market share with existing customers and new customers
- Penetrate new markets
- Grow the resin business

QUESTIONS?

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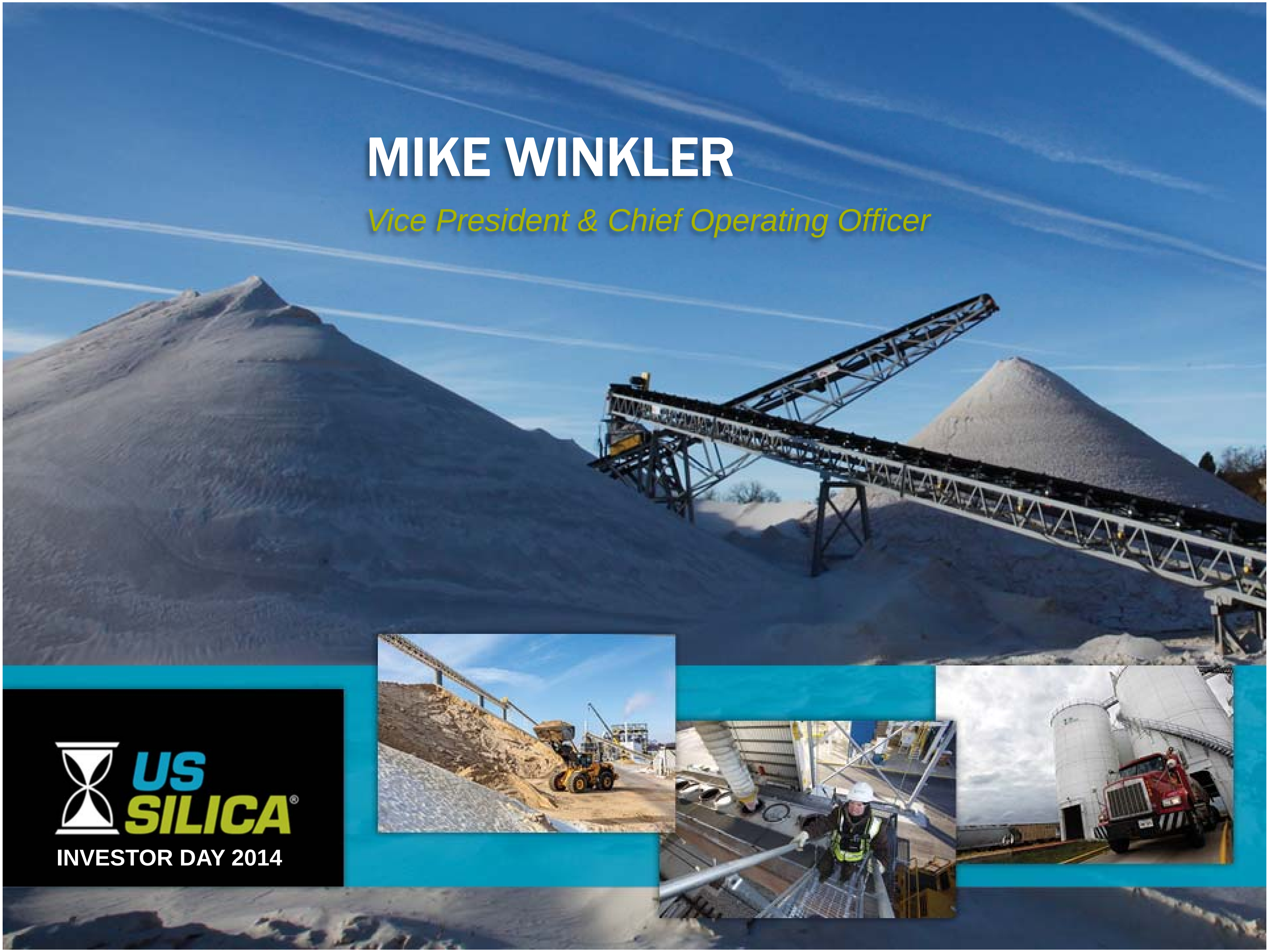

MIKE WINKLER

Vice President & Chief Operating Officer

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AGENDA

- Recent developments ⬅
- Our top 3 priorities going forward

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Overview of Current Operations

Operational Highlights

- 17 operating facilities and 1 greenfield
- 366M tons of high quality reserves
- 8.2M tons sold in 2013
- Over 1,000 employees
- Two operating segments, Oil & Gas and ISP

25% of Cont. Margin Improvements from 1H14 Came from Cost Reductions

1. Structural

+

2. Debottlenecking

+

3. Lean

+

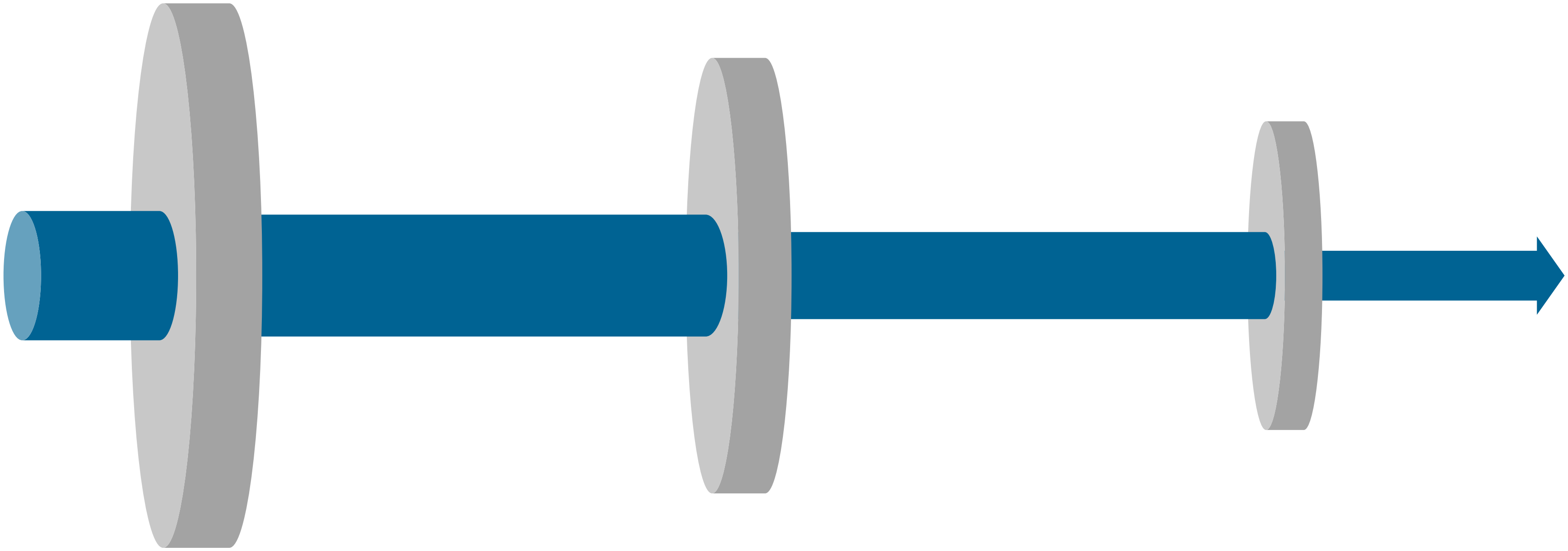
4. Logistics Utilization

+

5. Negotiation/Partnerships

The lowest cost/ton in the history of SLCA

Bringing new supply to market



Mining the sand

Challenges:

- Large, contiguous plot of land
- Coarse, API spec deposit
- Access to Class 1 rail
- Natural gas access
- Permitting
- Community resistance
- Land cost

Securing railcars

Challenges:

- 24 month lead time
- Long leases and high fixed cost

Getting to market

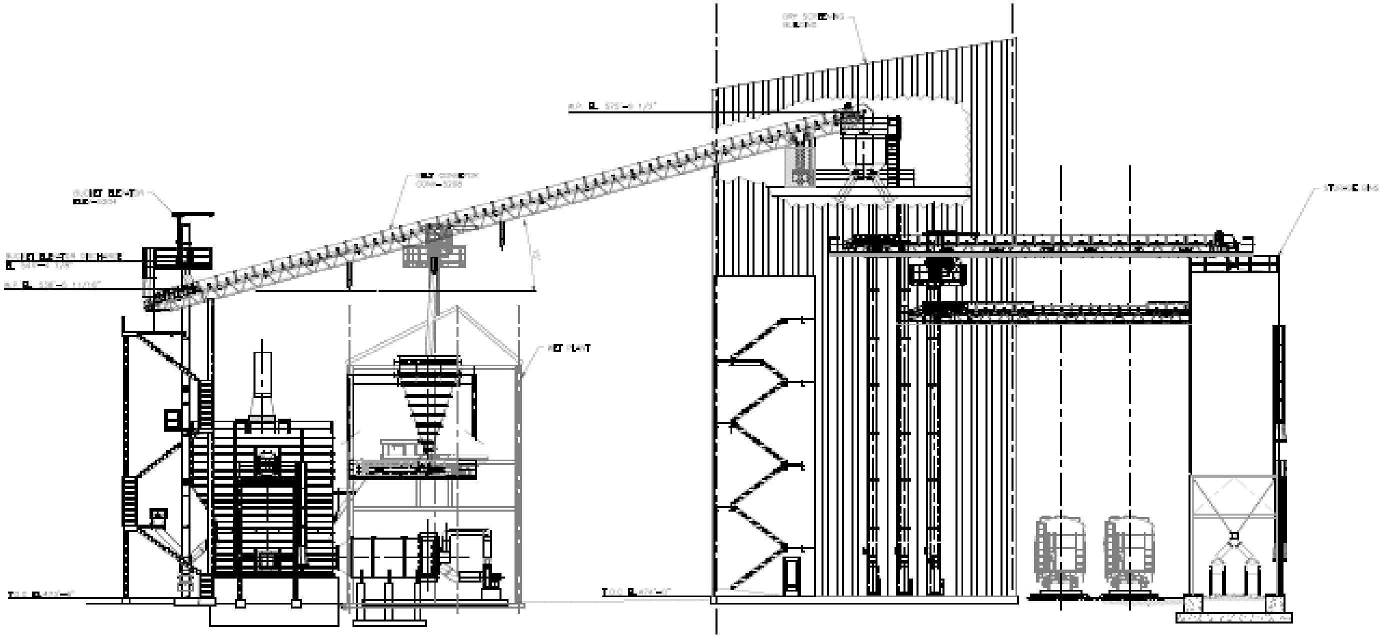
Challenges:

- Railroad congestion
- Transload capacity and throughput
- New transloads
  - o Lead time
  - o Rail/highway access

Pacific Expansion

Highlights

- Adding new 150 tons/hr dryer to Pacific, MO plant, increasing production by 800K tons/year
- Focused on supplying the Permian, Eagle Ford, and Marcellus
- On the Union Pacific and BNSF railroads
- Barge capable
- Start up 3Q 2015



Utica, IL Plant Update

- 1.5MM tons of annual frac sand capacity
- Start – up in July 2014
- Access to 3 Class 1 rail roads as well as barging
- Construction completed in 7 months

Focus on Sustainability

- Reduced our total reportable incident rate by 25%
- Implemented Front Line Leader training and employee charitable donation matching program

- GHG emissions per ton of sand were reduced by more than 3%
- Received Green Tier award from Wisconsin DNR
- Maximized rail car fill rates

- Sales growth of 23%+
- Expanded transload network by 17 sites
- Good neighbor relationship with communities leads to simpler permitting

AGENDA

- Recent developments
- Our top 3 priorities going forward

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Top 3 Priorities in Operations

Add Capacity	● Maintain active pipeline of potential new sites ● Expand existing production and load out capacity ● Fill out the team and tool up to grow
Increase Velocity	● More unit trains ● More in-basin storage ● Minimize gate to gate time
Total Delivered Cost	● Create competitive logistics/customer experience ● Continue to drive down costs ● Be on the leading edge of the cost curve

QUESTIONS?

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JASON TEDROW

Vice President of Supply Chain, Growth & Development

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AGENDA

- Recent developments
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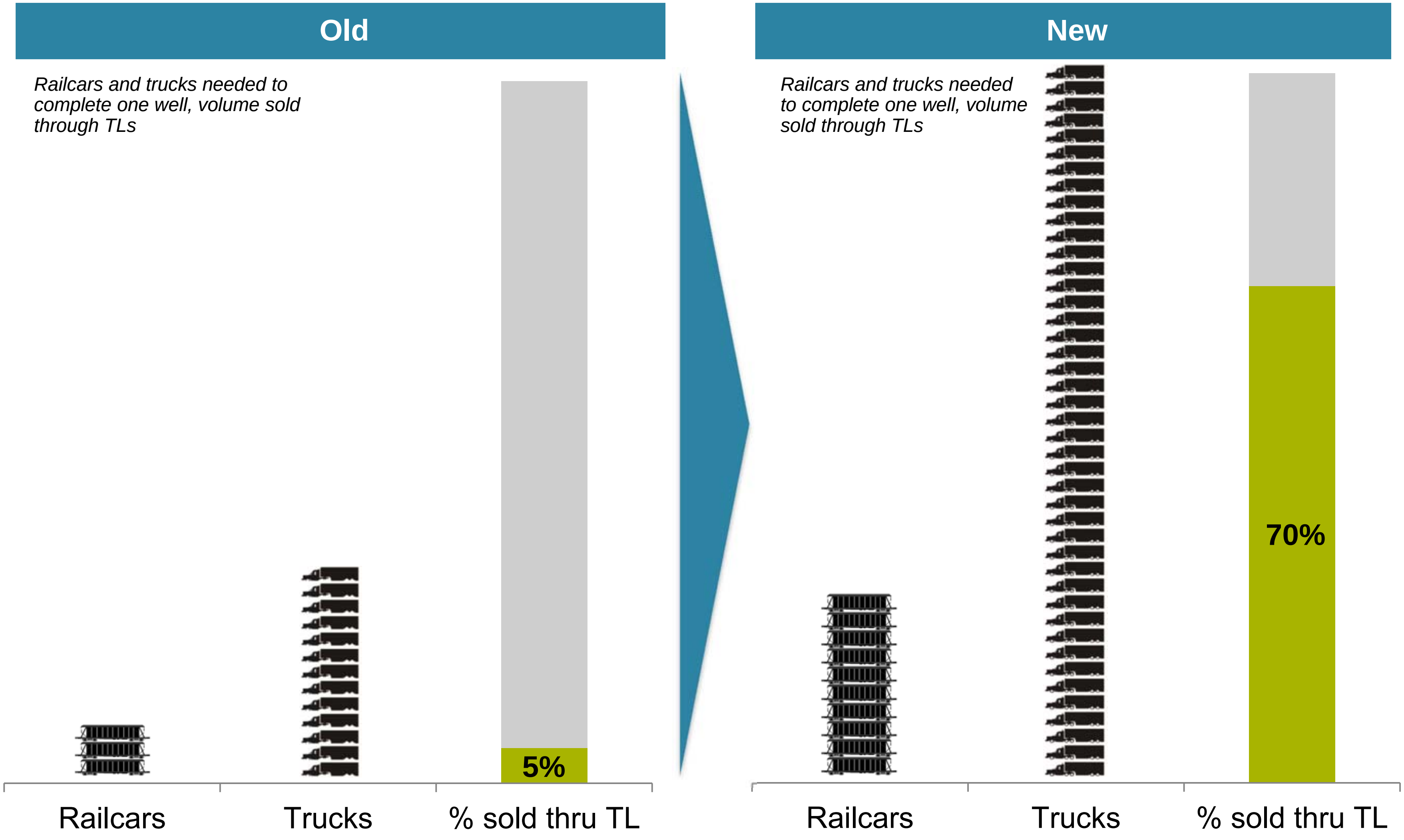
Current Logistics Challenges and Opportunities

Challenges	Opportunities
• Tight rail car market, lead time for new covered hoppers is 18-24 months	• Continue aggressive car acquisition strategy, equipment required to support 2015 and 2016 growth already ordered
• Rail congestion and use of rail cars as storage reduces rail car utilization rates, requiring more cars	• Unique unit train capabilities and high velocity transloads allow SLCA to minimize car dwell and maximize utilization
• Rail congestion in WI, ND, TX, as well as certain hubs	• Leverage rail road relationships and strategically locate plants and transloads to avoid congestion
• Customers require large amount of material on short notice and in multiple locations	• On track to ship over 120 unit trains and over 300 barges in 2014

New market dynamics require a “store front” approach where large volumes of material must be available in any basin with little to no notice. U.S. Silica is one of the few companies that has the plant, logistics and transload networks required to support this new reality.

New Well Design has Multiplicative Effect on Supply Chain Needs

🚃 = 10 railcars   🚚 = 10 trucks



Source: Company Reports

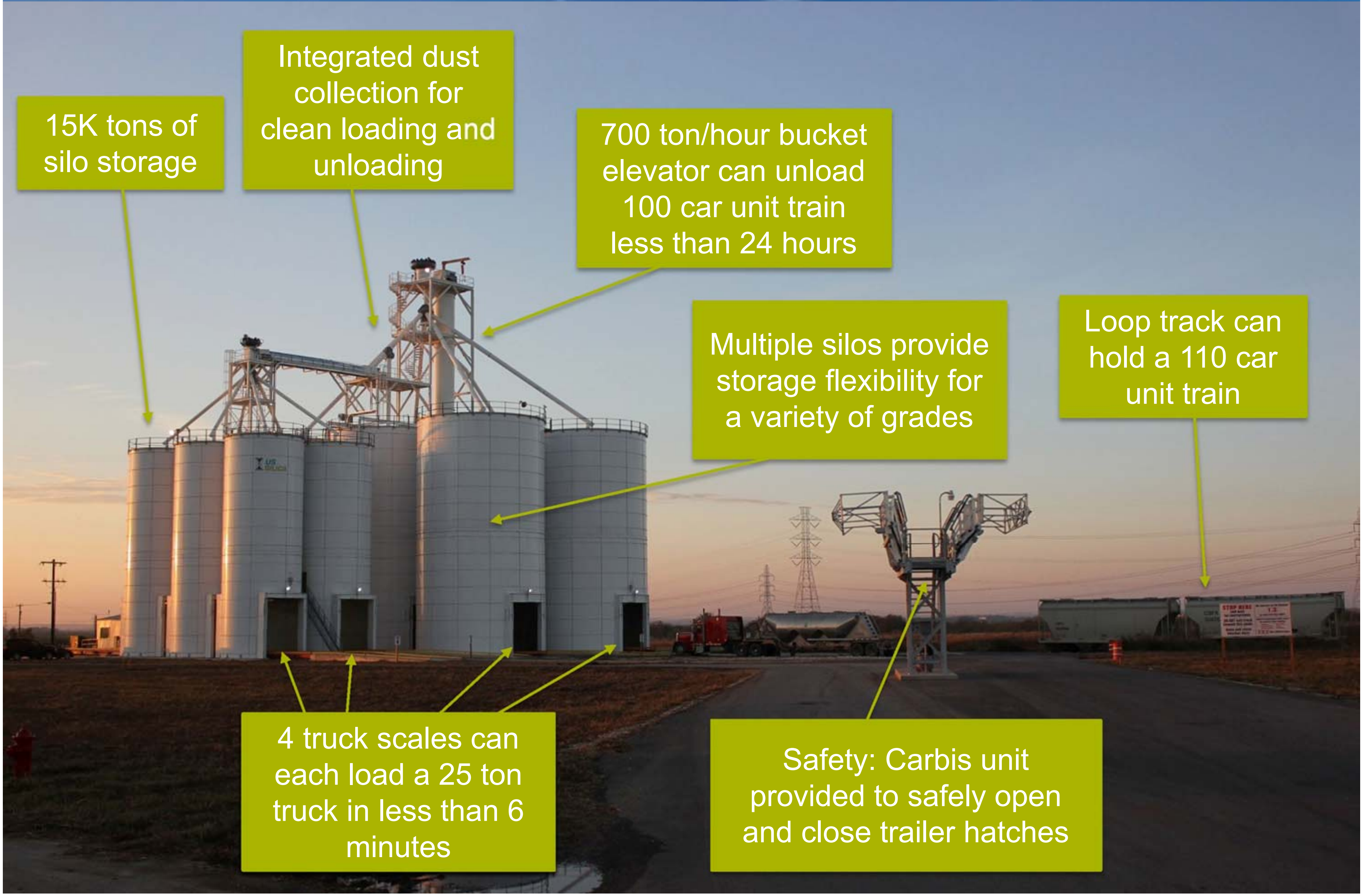
Not All Transload Sites are Created Equal

Rail to Truck	**High Velocity Unit Train Facility**

- 30+ minutes to load a 25 ton truck
- Limited throughput capacity
- Railcars used as storage
- Dependent on rail service

- 6 minutes to load a 25 ton truck
- Efficient railcar utilization
- Storage acts as buffer for rail interruptions
- High throughput capacity

High Velocity Transload Facility



15K tons of silo storage

Integrated dust collection for clean loading and unloading

700 ton/hour bucket elevator can unload 100 car unit train less than 24 hours

Multiple silos provide storage flexibility for a variety of grades

Loop track can hold a 110 car unit train

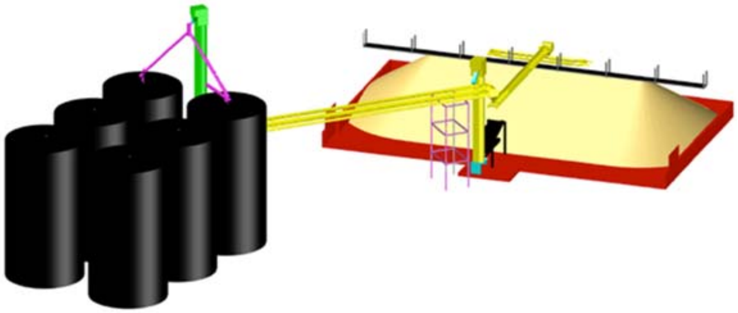
4 truck scales can each load a 25 ton truck in less than 6 minutes

Safety: Carbis unit provided to safely open and close trailer hatches

San Antonio Expansion and Odessa

San Antonio Facility Expansion

- Adding 10K tons of storage for a total of 25K tons and ability to receive 2 unit trains
- Start up on 1Q 2015
- BNSF railroad
- Eagle Ford focus



Odessa Transload Facility

- New state of the art terminal with 20K tons of storage
- Capable of receiving 2 unit trains
- Start up in 1Q 2015
- UP railroad
- Permian focus

AGENDA

- Recent developments
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Top 3 Priorities for Supply Chain

Ensure Room to Grow	● Identifying the next Greenfield sites for plants and transloads ● Ensuring we have enough railcars to support our growth strategy ● Increase depth, breadth and scope of transload network
Increase our Velocity	● Focus on optimizing railcar and transload asset utilization ● Design facilities to maximize the efficiency of our customers' assets ● Ensure transload network is properly positioned to support the changing needs of our customers
Solve for Highest Service, Lowest Cost	● Leverage breadth of our entire supply chain footprint ● Continue to foster relationships with our rail and supply chain partners ● Stay extremely close to our customers and move in sync with them to support their short and long term needs

QUESTIONS?

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DON MERRIL

Vice President & Chief Financial Officer

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AGENDA

- Financial review
- Guidance update

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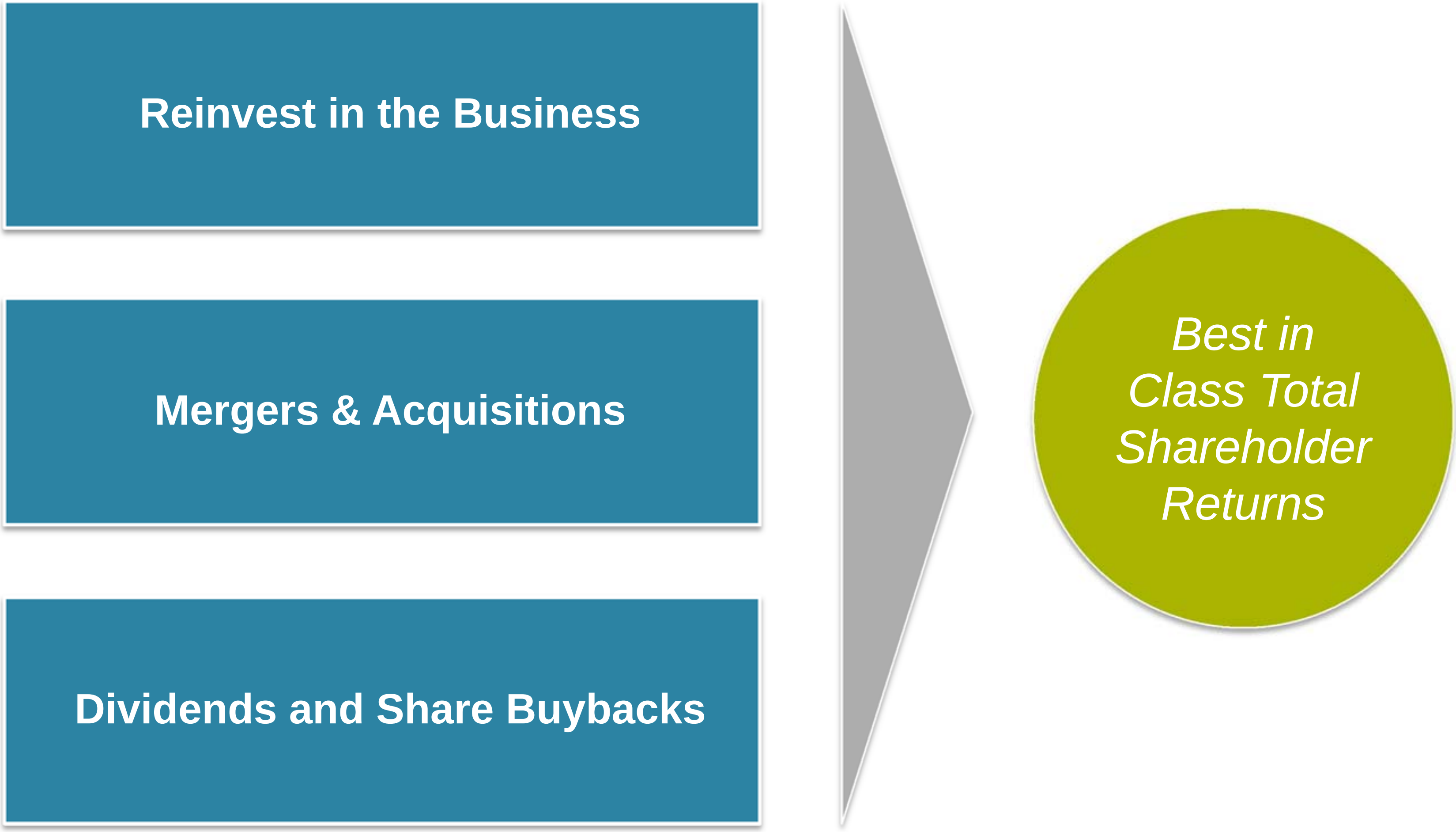
Our Capital Allocation Priorities



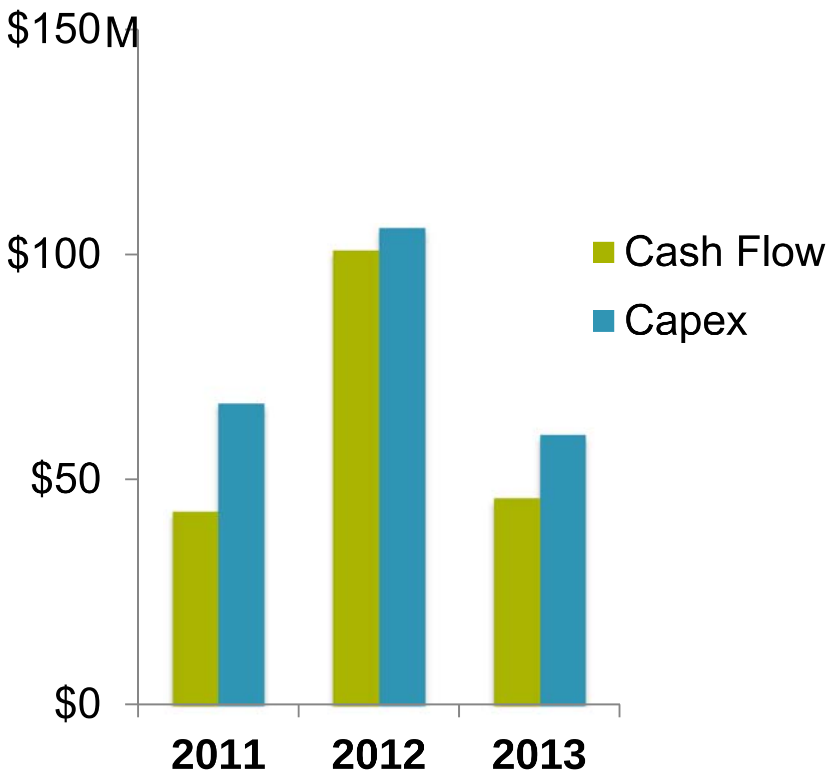
Reinvest in the Business

Mergers & Acquisitions

Dividends and Share Buybacks

Best in Class Total Shareholder Returns

Reinvesting Back in the Business



Strong Balance Sheet to Fund Growth Initiatives

- Strong operating cash flows
- Relatively unlevered balance sheet
- $46.7M available under revolver
- Total liquidity of $227.7M as of June 30, 2014

All the resources needed to grow

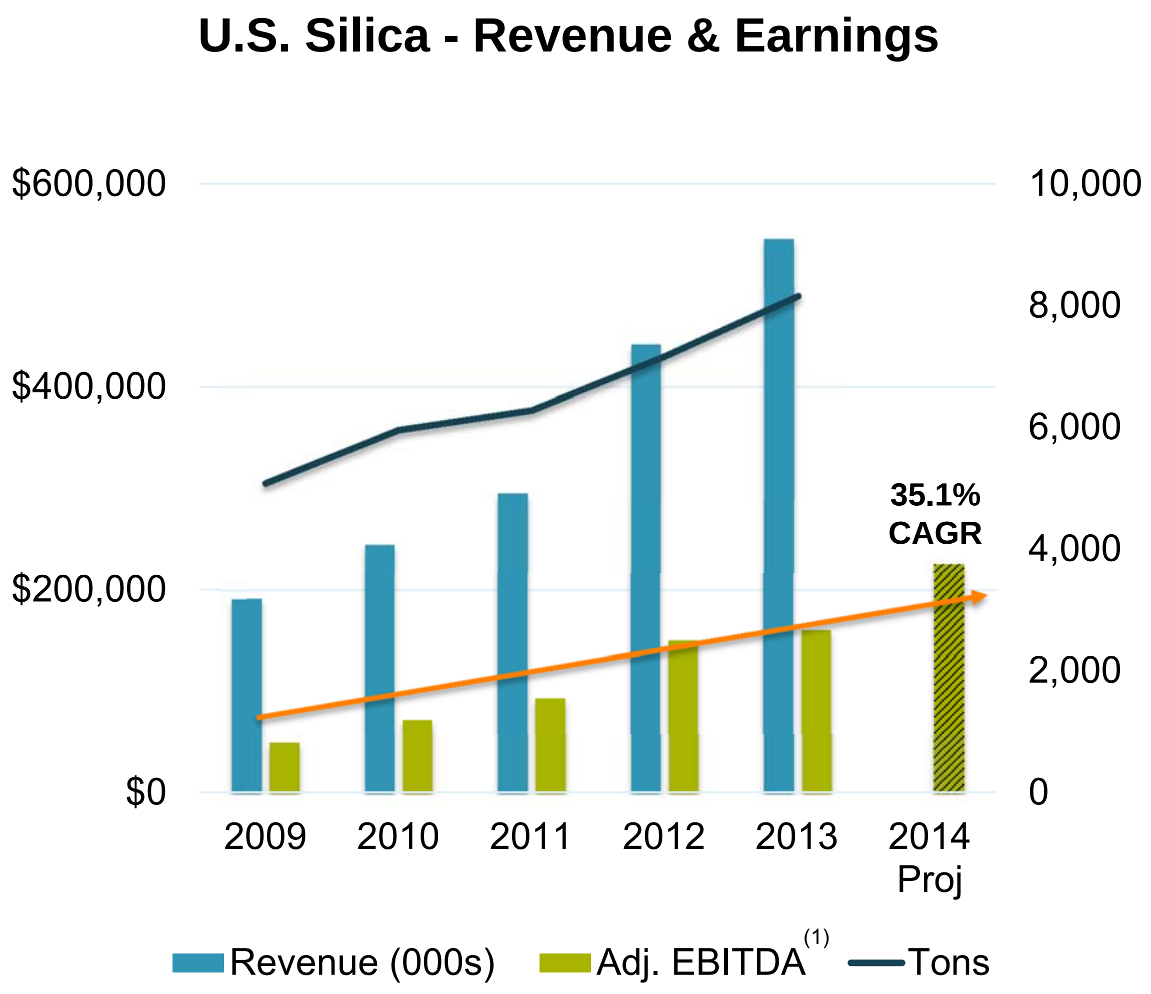
Making Accretive Acquisitions:

CADRE
A U.S. SILICA COMPANY

US SILICA®

- Regional frac sand producer located in Voca, Texas
- Fully-automated, state-of-the-art facility opened in 2011
- Products shipped by truck to the fast-growing Permian Basin
- Over 65 years of high quality reserves
- Capacity expanded in March 2014 to 800K tons annually
- Serves contract and spot customers

U.S. Silica Performance 2009-2014



HIGHLIGHTS

- Strong demand for products
- Growth initiatives driving results
- New pricing and more value-added products resulting in higher margins
- CIP initiatives taking costs out

(1) See the Appendix for reconciliations to GAAP

AGENDA

- Financial review
- Guidance update

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NEWS RELEASE

FY 2014 Adjusted EBITDA Guidance

- Press release issued this morning before market open
- Increasing our FY 2014 Adjusted EBITDA guidance
- Previous FY 2014 range of $215M to $225M
- Now anticipate Adjusted EBITDA in the range of $230M to $240M
- Oil & Gas remains sold out, some additional pricing
- Capex still expected to range between $95M and $105M
- Tax rate remains unchanged at approximately 27%

See Appendix

QUESTIONS?

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APPENDIX

Non-GAAP Financial Performance Measures

Segment Contribution Margin

The Company organizes its business into two reportable segments, Oil & Gas Proppants and Industrial & Specialty Products, based on end markets. The reportable segments are consistent with how management views the markets served by the Company and the financial information reviewed by the chief operating decision maker. The Company manages its Oil & Gas Proppants and Industrial & Specialty Products businesses as components of an enterprise for which separate information is available and is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and assess performance.

An operating segment's performance is primarily evaluated based on segment contribution margin, which excludes certain corporate costs not associated with the operations of the segment. These corporate costs are separately stated and include costs that are related to functional areas such as operations management, corporate purchasing, accounting, treasury, information technology, legal and human resources. The Company believes that segment contribution margin, as defined above, is an appropriate measure for evaluating the operating performance of its segments. However, this measure should be considered in addition to, not a substitute for, or superior to, income from operations or other measures of financial performance prepared in accordance with generally accepted accounting principles. For a reconciliation of segment contribution margin to its most directly comparable GAAP financial measure, see Note U to our financial statements in our Annual Report on Form 10-K for the fiscal year ended December 31, 2013.

Adjusted EBITDA

Adjusted EBITDA is not a measure of our financial performance or liquidity under GAAP and should not be considered as an alternative to net income as a measure of operating performance, cash flows from operating activities as a measure of liquidity or any other performance measure derived in accordance with GAAP. Additionally, Adjusted EBITDA is not intended to be a measure of free cash flow for management's discretionary use, as it does not consider certain cash requirements such as interest payments, tax payments and debt service requirements. Adjusted EBITDA contains certain other limitations, including the failure to reflect our cash expenditures, cash requirements for working capital needs and cash costs to replace assets being depreciated and amortized, and excludes certain non-recurring charges that may recur in the future. Management compensates for these limitations by relying primarily on our GAAP results and by using Adjusted EBITDA only as a supplement. Our measure of Adjusted EBITDA is not necessarily comparable to other similarly titled captions of other companies due to potential inconsistencies in the methods of calculation.

Reconciliation (Adjusted EBITDA to Net Income)

The following table sets forth a reconciliation of net income, the most directly comparable GAAP financial measure, to Adjusted EBITDA.

	Year Ended December 31,		
	2013	2012	2011
Net income	$75,256	$79,154	$30,253
Total interest expense, net of interest income	15,241	13,615	18,347
Provision for taxes	20,761	30,651	7,162
Total depreciation, depletion and amortization expenses	36,418	25,099	20,999
EBITDA	**147,676**	**148,519**	**76,761**
Non-cash deductions, losses and charges(1)	464	379	(526)
Non-recurring expense (income)(2)	(189)	(4,206)	(2,028)
Early extinguishment of debt(3)	480	-	6,043
Permitted management fees and expenses(4)	-	-	9,250
Non-cash incentive compensation (5)	3,039	2,330	1,237
Post-employment expenses (excluding service costs) (6)	2,071	1,794	1,689
Other adjustments allowable under our existing credit agreements (7)	7,150	1,773	1,131
Adjusted EBITDA	**$160,691**	**$150,589**	**$93,557**

(1) Includes non-cash deductions, losses and charges arising from adjustments to estimates of a future litigation liability and the decision by our hourly workforce at our Rockwood facility to withdraw from a pension plan administered by a third party.

(2) Includes the gain on insurance settlements of $0, $(3,734), and $(2,028) for the years ended December 31, 2013, 2012 and 2011, respectively. Includes the gain on sale of assets of $(189), $(472) and $0 for the years ended December 31, 2013, 2012 and 2011, respectively.

(3) Includes natural gas hedging losses, purchase accounting adjustments, management bonuses and other expenses related to the Golden Gate Capital acquisition, as well as unamortized transaction fees and expenses arising from the refinancing of our Term Loan and Revolver.

(4) Includes fees and expense paid to Golden Gate Capital for ongoing consulting and management services provided pursuant to an Advisory Agreement entered into in connection with the Golden Gate Capital acquisition; this Advisory Agreement was terminated in connection with our IPO.

(5) Includes vesting of incentive equity compensation issued to our employees.

(6) Includes net pension cost and net post-retirement cost relating to pension and other post-retirement benefit obligations during the applicable period, but in each case excluding the service cost relating to benefits earned during such period. See Note R to our Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K.

(7) Reflects miscellaneous adjustments permitted under our existing credit agreements, including such items as expenses related to offerings of our common stock by Golden Gate Capital, business development activities related to our growth and expansion initiatives, one-time litigation fees, expenses related to our refinancing and employment agency fees.

MATTHEW K. ROSE

Executive Chairman, BNSF Railway

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